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COTTON USE BY THE TEXTILE INDUSTRY OF THE EUROPEAN COMMUNITY

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Foreign Agricultural Service

Foreword

This publication is one of a series of economic studies designed to throw light on developments in other countries which exert an influence on export prospects for U.S. cotton. The countries of the European Economic Community have long been important cotton consumers and important markets for U.S. cotton. In recent years mill use of cotton in that important area has declined. U.S. cotton has been especially hard hit as our market share of the declining total has decreased. Of course there is a small offset inasmuch as some of the increased volume of textile imports into the Community contain U.S. cotton.

This study, begun in mid-1974, looks at what has been happening to the cotton textile industry of EEC member countries, to their imports and exports of cotton textiles, and to consumer demand. The study was not designed to forecast the end of the current textile and economic slow-down in the Community or to project future levels of mill use of cotton. Rather, emphasis is put on the fact that the Community will continue to be a large market for raw cotton. U.S. cotton interests concerned with raw cotton exports are encouraged to examine prevailing marketing practices with a view to determining if any changes would help U.S. cotton regain a larger share of the market for raw cotton in the countries comprising the European Economic Community.

The author would like to express his sincere appreciation to each person who contributed information and comments for this study.

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Cotton Use by the Textile Industry of the European Community

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Summary and Conclusions

The cotton textile industry has long been one of the major industries of most member countries of the enlarged EEC. Through the years it has been adversely affected by loss of export markets, by competition from imported textiles, and by expansion of other lines of production and economic activity. These other businesses in turn, have absorbed labor at the expense of the textile industry whose wage rates are typically below the average for all manufacturing enterprises.

Nevertheless, overall consumer demand for textiles has expanded in keeping with rising levels of living. Consequently, both per capita and total use of textiles has risen.

On an aggregate basis the use of cotton textiles has been well maintained in the EEC area since 1960, but they have not shared in the expanded market for textiles since all of the growth has gone to manmade fiber textiles. With cotton textile usage flat, the domestic mill industry has consumed less and less raw cotton, cotton textile exports to nonmember countries have dropped and cotton textile imports from nonmember countries have risen.

Some informed observers feel that the downtrend in mill consumption of cotton in the Community may be at or at least near an end. However, there seems to be little basis for assuming that textile imports will do anything but continue to increase or that the competition cotton faces from manmade fibers will lessen. Regardless of whether mill consumption of cotton in the EEC gains or loses in the next few years the fact remains that the Community will use large quantities of cotton.

Cotton is imported without any duty or other import restraint by the EEC although most other U.S. farm products encounter impediments arising from the protective nature of the Common Agricultural Policy (CAP). Thus U.S. cotton is one of the most favorably situated U.S. farm products to find expanding markets in that group of countries even though it does face the competition of various other suppliers.

Nevertheless, U.S. cotton has sustained essentially the entire impact of the declining raw cotton consumption. During the period 1960-64¹ the countries of the Community imported an average of 1.7 million bales of U.S. cotton per year or 30 percent of their cotton needs. In the last 5 years for which complete data are available, (1969-73) they imported an average of 500,000 bales per year from the United States or only 11 percent of their total cotton market.

Work aimed at helping cotton meet the competition of manmade fibers and to encourage consumers in the Community to think cotton and to buy cotton and thereby increase the total demand for cotton textiles is being carried out by the International Institute for Cotton (IIC). There is a widespread feeling in cotton producing countries as well as in importing countries that the objectives of the IIC research and promotional programs to increase the total demand for cotton textiles in the program countries are sound. Whether cotton can hold its own or improve its situation will depend in part on the extent to which vigorous innovative steps are taken in research, merchandising, and promotion as related to raw cotton and cotton textiles.

Quite apart from efforts to improve the total market for cotton there is the additional important job of increasing U.S. cotton exports to the EEC. Both Cotton Council International (CCI) and Cotton Incorporated (CI) are concerned with expanding the export market for U.S. cotton in the EEC and other program countries. The objectives of their programs are highly regarded. However, indications are that more needs to be done on behalf of U.S. cotton if there is to be a significant turn-around in the U.S. share of the cotton market in the

¹ Cotton years beginning August 1.

Community. One important means of doing this might be for firms involved in the export of U.S. cotton to re-examine their merchandising practices to ascertain where changes might pay dividends to themselves as business concerns as well as help expand the market for U.S. cotton in the Community.

Dramatic Changes Have Occurred in the Textile Industry

The textile industry has traditionally been one of the largest manufacturing industries in most of the countries comprising the enlarged EEC, and it is still very important. Nevertheless, it has through the years had its full share of serious problems.

The industry has found it necessary to both shrink the total size of, and at the same time, to modernize, its plant and equipment. There are far fewer firms and many less spindles and looms than at the beginning of the 1960's, but for the most part remaining companies and plants are far more efficient and production of textiles has held up better than might have been expected. This reflects a marked shift in the nature of the textile industry from being a labor-intensive industry to being a capital-intensive industry.

The EEC has had both a gradual increase in population and a rising per capita availability of textiles with a consequent significant increase in total textile usage. However, the EEC textile industry has not shared fully in this expanded textile demand because of the growing importance of textiles imported from nonmember countries.

Following World War II, market areas that formerly imported textiles from Europe shifted their sources, established their own industries, became largely self-sufficient, and in certain instances also became exporters to traditionally industrialized nations. Thus the adjustments made by the countries now comprising the EEC were of considerable magnitude.²

Spindle numbers dropped from 28.2 million in 1960 to 14.4 million in 1973—49 percent—and spindle hours dropped from 97 billion to 65 billion, or 32 percent. As a result of faster operating speeds and more hours of operation per active spindle, the amount of fiber processed declined only 20 percent between 1960 and 1973. There were other major shifts, as in fiber use. Over this period, the quantity of cotton spun fell 33 percent, the quantity of other fibers (mostly manmade fibers) increased 35 percent, and cotton's share of the total dropped from 80 percent in 1960 to 66 percent in 1973.

Also, these countries have experienced a decline of 58 percent in the total number of active looms and a decline of 44 percent in loom hours operated between 1960 and 1973. Total yarn used in the weaving industry declined 16 percent—the net position resulting from a drop of 35 percent in cotton yarn and a gain of 32 percent in other yarn, mostly of manmade fiber. Cotton's share of the total dropped from 72 percent in 1960 to 56 percent in 1973.

Among the countries of the enlarged EEC, Italy has the greatest number of spinning firms but Germany has the most spindles and the largest proportion of spindles in firms with more than 100,000 spindles. Italy also had the greatest number of firms in the weaving industry in 1972, and it led in loom numbers. The United Kingdom led in the proportion of looms in firms with more than 1,000 looms.

In both spinning and weaving, smallness cannot necessarily be equated with inefficiency or bigness with efficiency. Many small European operations, especially those concerned with specialty products, can be both small and highly efficient.

Each member country experienced reductions in the number of firms and employment in the decade of the 1960's. In fact, the consistency of the declines in the various countries is quite pronounced.

This decrease in size of the cotton textile industry contrasts sharply with expansion in the knitting industry, which, it should be recognized, is even more a multifiber industry than the cotton textile industry. In the EEC areas as a whole, employment in the knitting industry and yarn used by the industry showed growth during the 1960's. However, this trend does not typify the situation in some of the member countries with the smaller knitting industries—the Netherlands and Denmark particularly.

²For a number of years the International Federation of Cotton and Allied Textile Industries (IFCATI) published data on the activity of the textile industry in various Western Europe countries. Starting with 1973 data this function was transferred to the Italian Cotton Association.

TABLE 1: SIZE AND ACTIVITY OF THE COTTON TEXTILE INDUSTRY IN THE ENLARGED EEC^{1, 2}

Calendar year	SPINNING					
	Number of active spindles	Spindle hours worked		Raw fibers spun		
		Total	Average per spindle	Cotton	Other	Total fibers
	<i>Thousand</i>	<i>Million</i>	<i>Hours</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>
1960	28,152	96,520	3,429	1,314	329	1,643
1961	26,522	93,160	3,513	1,260	332	1,592
1962	24,513	84,268	3,438	1,185	337	1,522
1963	22,851	81,692	3,575	1,175	341	1,515
1964	21,150	81,448	3,851	1,186	308	1,494
1965	20,665	74,668	3,613	1,101	270	1,371
1966	19,690	77,180	3,920	1,134	267	1,402
1967	18,849	69,148	3,669	1,040	252	1,292
1968	17,283	69,232	4,006	1,017	295	1,312
1969	16,687	60,656	3,635	1,020	333	1,353
1970	16,580	70,164	4,232	1,004	340	1,345
1971	16,008	65,172	4,071	913	370	1,283
1972	14,664	65,108	4,440	906	404	1,310
1973	14,376	65,170	4,530	876	444	1,320

WEAVING						
Number of active looms	Loom hours worked		Yarn consumption in weaving			
	Total	Average per loom	Cotton	Other	Total yarn	
	<i>Thousand</i>	<i>Million</i>	<i>Hours</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>
1960	541	1,647	3,046	910	356	1,266
1961	523	1,559	2,984	860	350	1,210
1962	487	1,440	2,966	826	364	1,191
1963	458	1,375	3,004	798	404	1,202
1964	444	1,329	2,992	794	417	1,212
1965	395	1,194	3,022	721	404	1,126
1966	380	1,207	3,172	726	416	1,143
1967	356	1,076	3,023	663	410	1,072
1968	312	1,040	3,330	651	469	1,121
1969	297	1,039	3,503	645	518	1,163
1970	284	951	3,352	653	471	1,124
1971	262	876	3,590	633	471	1,104
1972	240	845	3,810	631	487	1,119
1973	227	929	4,090	596	471	1,067

¹ Excludes Ireland since comparable data for that country are not available.² Totals made before rounding.

Source: International Federation of Cotton and Allied Textile Industries and Italian Cotton Association.

TABLE 2: NUMBER OF FIRMS (OR MILL COMBINES) AND NUMBER OF SPINDLES IN PLACE, IN THE EEC, BY SIZE OF SPINNING OPERATION, 1972¹

Item	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	United Kingdom	Total
No. of firms having								
Less than 30,000 spindles	13	73	59	118	3	1	24	291
30,000 to 100,000 spindles	9	36	--	30	4	--	15	148
More than 100,000 spindles	1	3	38	7	--	--	5	
Total number of firms	23	112	97	155	7	1	44	439
Spindles in firms with -								
Less than 30,000	162,608	1,185,280	1,206,300	1,361,500	67,560	27,000	356,000	4,366,248
30,000 to 100,000	443,980	1,889,938	--	1,398,100	438,388	--	783,000	11,635,218
More than 100,000	330,540	462,122	2,882,850	1,302,300	--	--	1,704,000	
Total number spindles	937,128	3,537,340	4,089,150	4,061,900	505,948	27,000	2,843,000	16,001,466

¹ Excludes Ireland since comparable country data are not available.

Source: International Federation of Cotton and Allied Textile Industries.

TABLE 3: NUMBER OF FIRMS (OR MILL COMBINES) AND NUMBER OF LOOMS IN PLACE IN THE EEC, BY SIZE OF WEAVING OPERATION, 1972¹

Item	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	United Kingdom	Total
No. of firms having—								
Less than 100 looms	99	148	100	327	15	3	79	771
100 to 500 looms	33	110	88	116	11	3	103	464
500 to 1,000 looms	5	21	22	21	4	--	20	122
More than 1,000 looms	1	6	6	10	--	--	6	
Total number of firms	138	285	216	474	30	6	208	1,357
No. of looms in firms having—								
Less than 100.	3,697	6,166	5,059	12,710	647	125	3,900	32,304
100 to 500	6,432	25,270	20,178	23,760	2,364	695	23,900	102,599
500 to 1,000	2,898	17,669	15,767	14,190	7,370	--	14,500	130,017
More than 1,000	2,695	6,438	9,190	19,100	--	--	20,200	
Total number of looms	15,722	55,543	50,194	69,760	10,381	820	62,500	264,920

¹ Excludes Ireland since comparable data are not available.

Source: International Federation of Cotton and Allied Textile Industries.

TABLE 4: SELECTED CHARACTERISTICS OF THE COTTON TEXTILE INDUSTRY OF EEC MEMBER COUNTRIES¹, SPECIFIED YEARS

Item and year	Unit	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	United Kingdom	Total
Number of companies:									
1960 . . .	Number	304	842	822	1,026	124	80	² 604	3,802
1965 . . .	Number	240	683	661	962	115	86	² 483	3,230
1970 . . .	Number	208	515	515	891	² 92	71	² 398	2,690
Employment:									
1960 . . .	Thousand	35	119	177	186	52	5	198	772
1965 . . .	Thousand	30	89	147	147	43	4	196	656
1970 . . .	Thousand	25	74	117	126	30	3	146	521

¹ Partially estimated. Excludes Ireland since comparable data are not available.

² Nearby year rather than year specified.

Source: "Study of Textiles," L/3797/Add.1, General Agreement on Tariffs and Trade.

The clothing industry absorbs a large part of the production of the cotton and other textile industries. On the whole, the clothing industry was more stable than these textile industries during the 1960's. Except for Italy the number of companies increased between 1960 and 1965 and then decreased between 1965 and 1970, but not sharply, and employment in the clothing industry has been fairly steady.

A dramatic characteristic of the 1960's was the migration of labor into some of the EEC countries. The rapid growth of the economies of Western European countries since the EEC was formed expanded job opportunities to the extent that a very tight employment situation developed in some countries, and workers moved into them from labor-surplus lower wage areas. In general, the greatest need for foreign workers was in lines of work where wage scales were comparatively low. The textile industry is such an area.

Among EEC countries, textile earnings are lowest relative to all manufacturing in France and Italy and highest in the Netherlands. These data may be more influenced by the "mix" of manufacturing enterprises in the various countries between high-wage industries and low-wage industries than by any differences in wage levels in the textile industries of the different countries. The data would suggest that only in France and the United Kingdom did the earnings levels in textiles improve relative to industry as a whole.

Numbers of foreign workers in the textile industries are not readily available, but some measure of their importance in 1972 is seen from the following information which for the most part was as of October 1972. On that date, it is reported that migrants in the textile industry totaled 50,400, or 42 percent of total employment in the textile industry in Belgium; 36,580, or 9 percent of employment in France; 218,268, or 36 percent of employment in West Germany; 5,492, or 8 percent in the Netherlands; and according to the 1971 census for the United Kingdom they totaled 54,263, or 9 percent. Corresponding data were not available for Italy and Ireland, but the total number of migrant workers in all lines of activity was very low in both countries.

TABLE 5: SELECTED CHARACTERISTICS OF THE KNITTING INDUSTRY OF EEC MEMBER COUNTRIES¹, SPECIFIED YEARS

Item and year	Unit	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	Ireland	United Kingdom	Total
Number of companies:										
1960	Number	403	1,398	1,329	695	150	192	(²)	628	4,795
1965	Number	403	1,226	1,288	1,206	139	210	(²)	825	5,297
1970	Number	397	1,020	1,189	1,688	118	194	(²)	664	5,270
Employment:										
1960	Thousand	19	83	132	55	19	9	(²)	120	437
1965	Thousand	21	94	134	74	18	9	(²)	129	479
1970	Thousand	20	102	144	103	15	9	(²)	131	524
Yarn consumption:										
1961	Million lb.	30	119	206	108	34	11	8	170	686
1965	Million lb.	38	143	285	198	48	18	10	231	971
1970	Million lb.	42	196	363	287	63	20	8	261	1,240

¹ Partially estimated.² Not available.

Source: "Study of Textiles," L/3797/Add.1. General Agreement on Tariffs and Trade, and Organization for European Cooperation and Development.

TABLE 6: SELECTED CHARACTERISTICS OF THE CLOTHING INDUSTRY OF EEC MEMBER COUNTRIES¹,
SPECIFIED YEARS

Item and year	Unit	Belgium and Luxem- bourg	France	Fed. Rep. of Germany	Italy	Nether- lands	Denmark	United Kingdom	Total
Number of companies:									
1960 . . .	Number	1,533	² 5,445	4,617	2,872	874	396	(³)	15,737
1965 . . .	Number	1,671	² 5,713	5,559	2,025	845	450	(³)	16,263
1970 . . .	Number	1,570	5,094	5,220	2,709	677	419	(³)	15,689
Employment:									
1960 . . .	Thousand	45	312	357	80	59	24	450	1,327
1965 . . .	Thousand	57	330	398	128	65	22	423	1,423
1970 . . .	Thousand	58	319	382	194	54	19	377	1,403

¹ Partially estimated. Excludes Ireland since comparable data are not available.

² Nearby year rather than year specified.

³ Not available.

Source: "Study of Textiles," L/3797/Add.1. General Agreement on Tariffs and Trade.

TABLE 7: AVERAGE EARNINGS IN TEXTILES AS A PERCENTAGE OF ALL MANUFACTURING, THE EEC,¹
SPECIFIED YEARS

[Percent]

Year	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	United Kingdom
1961	86	81	90	NA	² 98	88	86
1965	86	81	89	83	96	87	87
1970	86	85	90	83	94	88	89

¹ Excludes Ireland since comparable data are not available.

² Nearby year rather than year specified.

Source: "Study of Textiles," L/3797. General Agreement on Tariffs and Trade.

Cotton Not Sharing in Larger Textile Consumption

Significantly, there is a rising trend of textile consumption by consumers in the EEC.³ For cotton, total consumption is generally steady (with a corresponding slight decline in per capita consumption); all of the real gain is accounted for by increased use of manmade fibers. Of the cotton textiles consumed by the population of EEC member countries, more and more have been supplied by imports and less and less by domestic mill consumption of raw cotton.

³ The Food and Agriculture Organization, source of data for this section, makes no attempt to measure changes in inventory levels from one year to the next. Further, with respect to the nine countries in the present EEC, there is no attempt to differentiate between intra-EEC and extra-EEC trade. Thus, in adding the data for the nine countries to obtain the totals for the Community it is to be borne in mind that double counting results in the trade figures but not the consumption figures since a 1,000-ton export from one member to another shows both an export from one and an import into the other.

TABLE 8: MILL CONSUMPTION, TEXTILE TRADE, AND NET AVAILABILITY FOR DOMESTIC CONSUMPTION OF COTTON, MANMADE FIBERS AND ALL FIBERS IN THE ENLARGED EEC, 1960-72

[1,000 metric tons]

Fiber and year	Mill consumption	Foreign trade ¹			Net available for home consumption
		Exports	Imports	Trade balance ²	
Cotton:					
1960	1,315.5	318.6	255.5	(63.1)	1,252.4
1961	1,274.7	313.4	260.5	(52.9)	1,221.8
1962	1,200.3	292.6	250.3	(42.3)	1,158.0
1963	1,193.2	285.3	304.0	18.7	1,211.9
1964	1,200.2	409.0	555.4	146.4	1,346.6
1965	1,116.6	416.4	519.1	102.7	1,219.3
1966	1,155.4	423.3	548.4	125.1	1,280.5
1967	1,057.6	403.3	543.7	140.4	1,198.0
1968	1,036.7	457.2	607.7	150.5	1,187.2
1969	1,037.5	497.6	698.8	201.2	1,238.7
1970	1,022.2	495.3	717.1	221.8	1,244.0
1971	929.0	563.4	813.9	250.5	1,179.5
1972	927.2	609.9	958.3	348.4	1,275.6
Manmade fibers: ³					
1960	933.0	238.5	108.7	(129.8)	803.2
1961	920.5	251.9	126.4	(125.5)	795.0
1962	1,039.6	290.8	157.5	(133.3)	906.3
1963	1,146.0	324.1	190.2	(133.9)	1,012.1
1964	1,306.6	499.0	336.9	(162.1)	1,144.5
1965	1,335.5	544.6	386.1	(158.5)	1,177.0
1966	1,430.8	619.4	446.7	(172.7)	1,258.1
1967	1,423.0	688.6	484.5	(204.1)	1,218.9
1968	1,547.1	541.0	469.5	(71.5)	1,475.6
1969	1,792.2	717.5	617.0	(100.5)	1,691.7
1970	1,798.7	790.2	674.1	(116.1)	1,682.6
1971	1,967.6	937.3	796.8	(140.5)	1,827.1
1972	2,025.1	1,053.7	986.9	(66.8)	1,958.3
All fibers: ⁴					
1960	2,818.2	894.9	549.1	(345.8)	2,472.4
1961	2,746.9	921.2	597.4	(323.8)	2,423.1
1962	2,786.4	909.6	609.5	(300.1)	2,486.3
1963	2,888.1	951.9	713.0	(238.9)	2,649.2
1964	3,165.9	1,315.5	1,178.7	(136.8)	3,029.1
1965	3,103.4	1,364.6	1,200.9	(163.7)	2,939.7
1966	3,273.1	1,446.0	1,311.5	(134.5)	3,138.6
1967	3,080.8	1,456.8	1,304.1	(152.7)	2,928.1
1968	3,233.6	1,413.1	1,392.4	(20.7)	3,212.9
1969	3,501.0	1,675.9	1,671.5	(4.4)	3,496.6
1970	3,460.4	1,744.2	1,753.1	8.9	3,469.3
1971	3,499.4	1,973.9	2,009.3	35.4	3,534.8
1972	3,595.2	2,179.7	2,392.7	213.0	3,808.2

¹ In textiles, raw fiber equivalent.

² Net imports without parentheses; net exports with parentheses.

³ Mill consumption of manmade fibers approximated by adjusting production to reflect net trade in discontinuous fiber in earlier years.

⁴ Includes wool for all years and flax from 1964 as well as cotton and manmade fibers.

Source: Food and Agriculture Organization of the United Nations.

TABLE 9: TOTAL AND PER CAPITA QUANTITIES OF COTTON, MANMADE FIBERS, AND ALL FIBERS AVAILABLE FOR DOMESTIC USE BY CONSUMERS, ENLARGED EEC, 1960-72

Year	Fiber available for domestic use					
	Total			Per capita		
	Cotton	Manmade fibers	All fibers ¹	Cotton	Manmade fibers	All fibers ¹
	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>Kilograms</i>	<i>Kilograms</i>	<i>Kilograms</i>
1960	1,252.4	803.2	2,472.4	5.4	3.5	10.7
1961	1,221.8	795.0	2,423.1	5.2	3.4	10.4
1962	1,158.0	906.3	2,486.3	4.9	3.8	10.5
1963	1,211.9	1,012.1	2,649.2	5.1	4.2	11.1
1964	1,346.6	1,144.5	3,029.1	5.6	4.7	12.6
1965	1,219.3	1,177.0	2,939.7	5.0	4.8	12.1
1966	1,280.5	1,258.1	3,138.6	5.2	5.1	13.0
1967	1,198.0	1,218.9	2,928.1	4.8	4.9	11.8
1968	1,187.2	1,475.6	3,212.9	4.8	5.9	12.9
1969	1,238.7	1,691.7	3,496.6	4.9	6.7	13.9
1970	1,244.0	1,682.6	3,469.3	4.9	6.7	13.7
1971	1,179.5	1,827.1	3,534.8	4.7	7.2	13.9
1972	1,275.6	1,958.3	3,808.2	5.0	7.7	14.9

¹ Includes wool for all years and flax from 1964 as well as cotton and manmade fibers.

Source: Food and Agriculture Organization of the United Nations.

Total apparel-fiber availability for the nine countries of the EEC has trended upward from about 2.5 million metric tons in 1960 to 3.8 million metric tons in 1972, according to the Food and Agriculture Organization. Taking the increase in population into account, fiber availability increased from 10.7 kg. per capita in 1960 to 14.9 kg. per capita in 1972.

Over the same span of time the net availability of cotton in the enlarged EEC remained virtually flat—from 1,252,400 tons in 1960 to 1,275,600 tons in 1972. Within this interval of time the range in availability ranged between a high of 1,346,600 tons and a low of 1,158,000 tons. This relative stability is not matched by data on mill consumption of cotton, however, because the nine countries moved from being a net exporter of cotton textiles to the extent of 63,100 tons in 1960 to a net importer of 348,400 tons in 1972 and mill consumption dropped from 1,315,500 tons to 927,200 tons during the same period. On a per capita basis, cotton availability dropped from 5.4 kg. per capita, or 50 percent of the total for all fibers in 1960, to 5.0 kg. or 34 percent of the total for all fibers in 1972.

The most dynamic sector of fiber utilization over the period 1960-72 was, of course, manmade fibers. Availability of these increased from 803,200 tons in 1960 to 1,958,300 tons in 1972—more than twice the earlier level. Per capita availability of manmade fibers was up from 3.5 kg. in 1960 to 7.7 kg. in 1972.

Total Cotton Imports and U.S. Share Declining

The European Community is almost completely dependent upon imports for its raw cotton supplies. Only about 5,000 bales per year are grown in Italy, and none is grown in the other countries. Each country has experienced a decline in imports over the period 1960-73, the total for the nine declining from a high of 5.9 million bales in both 1960 and 1963 to a low of 3.9 million bales in 1973.

The drop in imports from the United States over this same span of years was far more dramatic, falling from 2.6 million bales in 1960 to about 500,000 bales in 1973. The share of U.S. cotton in the total imports of cotton into the Community dropped from 44 percent in 1960 to about 13 percent in 1973. It was an even smaller share in 1968 and 1969 when the corresponding percentages were 9 and 6, respectively.

TABLE 10: IMPORTS OF COTTON INTO THE ENLARGED EEC, FROM THE UNITED STATES, 1960-73

[In bales of 480-lb net]

Year beginning August 1	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy ¹	Netherlands	Denmark	Ireland	United Kingdom	Total
1960	212,757	636,688	485,537	564,561	195,750	30,457	20,091	457,866	2,603,707
1961	99,845	349,446	227,332	472,933	112,049	14,781	13,821	293,798	1,584,005
1962	81,579	201,840	110,624	324,899	78,212	13,943	8,169	165,328	984,594
1963	134,991	404,436	390,154	489,880	116,721	12,236	8,474	304,044	1,860,936
1964	80,271	251,490	256,643	393,838	66,396	11,598	8,634	209,812	1,278,682
1965	48,610	133,874	107,806	250,901	38,159	10,026	11,240	164,072	764,688
1966	44,809	198,868	165,982	326,965	28,550	13,964	17,132	168,412	964,682
1967	36,854	159,012	100,888	329,584	28,397	19,782	20,976	138,417	833,910
1968	25,288	108,351	35,098	173,520	17,702	9,035	8,704	60,885	438,583
1969	22,345	41,657	28,783	143,915	20,591	1,204	447	47,590	306,532
1970	39,824	68,068	68,710	126,939	38,177	413	1,064	113,090	456,285
1971	31,844	53,425	91,338	174,376	33,579	4,607	1,016	73,604	463,789
1972	54,413	167,104	185,338	205,836	53,072	7,564	7	92,854	766,188
1973	13,160	100,621	104,035	174,958	26,791	7,900	² 100	70,786	498,351

¹ Mill arrivals.² Partly estimated.

Compiled from official sources.

TABLE 11: IMPORTS OF COTTON INTO THE ENLARGED EEC, FROM ALL SOURCES, 1960-73

[In bales of 480-lb net]

Year beginning August 1	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy ¹	Netherlands	Denmark	Ireland	United Kingdom	Total
1960	448,364	1,408,183	1,425,913	995,193	385,423	45,384	27,373	1,141,618	5,877,451
1961	401,852	1,206,441	1,295,800	1,002,735	337,093	41,056	28,773	967,526	5,281,276
1962	374,328	1,281,694	1,296,805	1,057,983	350,798	39,751	25,714	1,017,192	5,444,265
1963	384,547	1,335,455	1,450,297	1,055,497	393,287	37,516	24,896	1,223,429	5,904,924
1964	397,269	1,084,438	1,292,866	792,783	359,088	43,730	26,271	959,309	4,955,754
1965	357,788	1,228,736	1,249,670	1,013,010	354,662	26,409	26,667	964,177	5,221,119
1966	296,145	1,269,780	1,217,141	1,184,904	408,980	27,531	31,419	832,377	5,268,277
1967	310,666	1,095,764	1,330,729	993,651	371,935	32,867	35,036	902,429	5,073,077
1968	308,273	1,157,456	1,127,157	985,875	285,912	19,957	29,559	777,923	4,692,112
1969	328,724	1,112,794	1,194,783	1,058,038	266,284	16,466	19,184	743,246	4,739,519
1970	305,153	1,051,306	1,084,397	815,809	278,763	14,036	24,281	742,601	4,316,346
1971	279,088	1,078,013	1,104,785	907,840	217,538	15,699	21,427	590,660	4,215,050
1972	324,800	1,174,901	1,194,090	906,128	230,975	17,719	22,583	763,744	4,634,940
1973	179,266	1,063,473	908,070	931,122	199,448	14,624	² 25,000	560,277	3,881,280

¹ Mill arrivals.² Partly estimated.

Compiled from official sources except as noted.

TABLE 12: IMPORTS OF COTTON INTO THE EEC, BY COUNTRY OF ORIGIN, 1960-73

[1,000 bales of 480-lb net]

Year beginning August 1	United States	USSR	Turkey	Brazil	Sudan	Egypt	Iran	Syria	Peru	Mexico	Chad	Colombia	Other countries	Total
1960 . . .	2,604	149	258	327	135	214	192	161	257	411	0	93	1,076	5,877
1961 . . .	1,584	133	414	474	293	248	164	139	337	309	16	98	1,072	5,281
1962 . . .	985	162	514	554	358	224	127	232	307	703	18	90	1,170	5,444
1963 . . .	1,860	133	453	585	318	283	161	89	286	373	39	35	1,290	5,905
1964 . . .	1,279	182	510	648	196	253	143	194	202	326	119	46	858	4,956
1965 . . .	765	343	595	494	221	251	284	183	241	703	117	39	985	5,221
1966 . . .	965	345	660	604	320	267	107	176	190	451	116	55	1,012	5,268
1967 . . .	834	311	627	582	341	222	131	108	165	251	153	136	1,212	5,073
1968 . . .	439	220	581	865	316	206	47	75	195	419	133	211	985	4,692
1969 . . .	307	212	696	892	368	176	108	105	203	349	147	224	953	4,740
1970 . . .	456	186	750	299	217	182	173	249	159	120	150	227	1,148	4,316
1971 . . .	464	376	814	407	212	209	79	196	141	97	116	142	962	4,215
1972 . . .	766	569	592	373	259	235	93	177	117	107	122	175	1,050	4,635
1973 ¹ . . .	498	621	389	245	227	205	155	142	106	107	36	81	1,069	3,881

¹ Does not include Ireland for April-July 1974.

Compiled from official sources except for Italy, for which mill arrivals are used.

Other growths, of cotton taken as a whole, have been held fairly stable—ranging between a low of 3.3 million bales in 1960 and a high of 4.5 million bales in 1962 and 1965. In 9 of the 14 years, imports of growths other than U.S. fell within the range of 3.7 million to 4.3 million bales.

Of course, the United States benefits not only from its direct cotton exports of cotton to the Community, but also from the amount of U.S. cotton included in the cotton textiles that are imported by the Community.

Over the 4-year period 1969-72 the EEC imported in the form of cotton textiles an average of 1,821,000 bales of cotton, of which 267,000 bales, or 15 percent, was made from U.S. cotton. This included 102,000 bales in textiles made in the United States and an estimated 165,000 bales in textiles made of U.S. cotton manufactured in other non-EEC countries..

Adding the cotton equivalent of imported cotton textiles to raw cotton imports reveals that average imports over the 4-year period were 6,297,000 bales, of which 765,000 or 12 percent was U.S. cotton and 5,532,000 or 88 percent was foreign-grown cotton. Inclusion of cotton textiles therefore raised the U.S. share from 11 percent for raw cotton only to 12 percent for cotton and cotton textiles.

It is understandable that other cotton exporting nations would attach importance to developing and maintaining markets for their cotton in such strong currency areas as most of the EEC countries. However, their aggregate success contrasts sharply with the lack of success U.S. cotton has had in maintaining its market in Europe.

International Trade in Cotton Textiles Affecting Mill Use of Cotton

For generations the United Kingdom was the world's largest exporter of cotton textiles—supplying customers both under its own flag and in many other parts of the world. The textile industries of several other member countries also produced textiles for their own domestic populations and their overseas areas as well as for trading with other countries.

Through time, most of these various off-shore areas have developed their own textile industries or shifted their trading patterns so as to lessen their dependence upon their former European suppliers. Thus, the present EEC members have had to increase their domestic markets, find other foreign markets, or reduce output. Furthermore, expansion of textile industries in other countries—many times with a view to producing for export—has been a factor in the EEC countries experiencing a declining rate of exports and a rising rate of imports that has been only partly offset by increased intra-EEC trade.

Imports of cotton textiles by countries of the enlarged EEC increased from 418,000 metric tons to 674,000 metric tons over the period 1964-72, a gain of 61 percent, or an average annual increase of 7.6 percent. Of course, this includes the imports from other member countries. Imports from non-EEC countries increased from 242,000 metric tons in 1964 to 417,000, a gain of 72 percent by 1972 or an average of 9.0 percent per year.

This latter comparison may be the more meaningful, looking ahead, since trade between members may increasingly take on many of the characteristics of domestic trade. Using the average of reported imports from other member countries and exports to other members, trade between members was within a range of 167,000 to 192,000 tons in 6 of the 7 years from 1964 through 1970 and then increased to 225,000 tons in 1971 and 259,000 tons in 1972.

Exports of cotton textiles from member countries to all destinations totaled 342,000 metric tons in 1964 and fluctuated between 278,000 and 358,000 tons during the period 1964-71. They then rose to 385,000 tons in 1972. While the trend in total cotton textile exports was essentially flat, the trend to nonmember countries declined, exports falling from 174,000 tons in 1964 to 124,000 tons in 1972—a drop of 29 percent in the 8 years.

On a net trade basis, France and Italy had a significant net export position in cotton textiles from 1964 through 1968 and the Benelux countries (Belgium, Netherlands, and Luxembourg) a smaller net export position. Subsequently, they and the other member countries have had a net import position so far as cotton textile trade with nonmember countries is concerned. In total, trade with nonmembers changed steadily from a net import level of 68,000 metric tons in 1964 to one of 293,000 metric tons in 1972.

TABLE 13: IMPORTS OF COTTON TEXTILES BY COUNTRIES IN THE ENLARGED EEC, 1964-72

[1,000 metric tons]

Item and year	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	United Kingdom	Denmark	Total
Imports from all sources:								
1964	40	25	92	23	66	151	21	418
1965	34	25	128	17	64	134	21	423
1966	39	34	123	26	64	137	21	444
1967	31	33	69	29	48	151	22	383
1968	34	36	111	26	55	162	22	446
1969	41	61	136	32	64	132	26	492
1970	43	51	132	70	61	99	27	483
1971	59	63	158	56	73	147	26	582
1972	72	99	204	68	89	113	29	674
Imports from countries not now members of the EEC:								
1964	13	11	44	16	17	127	14	242
1965	10	10	54	11	17	116	15	233
1966	12	14	56	18	13	124	15	252
1967	9	11	35	20	14	137	16	242
1968	8	15	57	17	16	150	16	279
1969	11	28	76	21	23	125	20	304
1970	13	24	73	52	24	90	21	297
1971	17	27	89	40	28	138	20	359
1972	26	53	126	48	39	102	23	417

Source: General Agreement on Tariffs and Trade.

TABLE 14: INTRA-EEC TRADE IN COTTON TEXTILES, 1964-72¹

[1,000 metric tons]

Item and year	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	Denmark	United Kingdom	All countries
Exports of cotton textiles to other EEC members:								
1964	54	23	21	32	37	(2)	2	169
1965	52	35	21	45	39	(2)	3	195
1966	52	32	25	39	36	(2)	3	187
1967	39	26	28	19	27	(2)	3	142
1968	42	34	25	29	32	(2)	5	167
1969	48	33	28	36	36	(2)	5	186
1970	49	42	29	26	36	(2)	5	187
1971	54	53	38	35	40	1	6	227
1972	60	56	47	48	43	1	6	261
Imports of cotton textiles from other EEC members:								
1964	26	14	48	8	49	7	24	176
1965	24	15	74	5	48	6	18	190
1966	27	20	67	7	50	7	14	192
1967	22	21	34	10	35	6	14	142
1968	26	22	54	9	38	6	12	167
1969	29	33	60	11	41	6	8	188
1970	31	27	58	17	38	6	9	186
1971	42	35	69	17	44	6	10	223
1972	46	46	78	19	51	6	11	257

¹ Excludes Ireland.² Less than 500 metric tons.

Source: General Agreement on Tariffs and Trade

TABLE 15: EXPORTS OF COTTON TEXTILES BY COUNTRIES IN THE ENLARGED EEC, 1964-72¹

[1,000 metric tons]

Year	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	United Kingdom	Denmark	Total
Exports to all destinations:								
1964	65	67	46	60	54	47	3	342
1965	65	76	45	71	55	43	3	358
1966	64	65	53	77	51	39	3	352
1967	51	58	48	42	41	34	4	278
1968	54	61	43	55	45	41	4	303
1969	59	56	46	57	49	39	4	310
1970	58	64	49	44	48	37	5	305
1971	65	73	60	54	53	43	5	353
1972	72	76	73	67	53	38	6	385
Exports to countries not now members of the EEC:								
1964	12	44	25	28	17	45	3	174
1965	13	40	24	26	16	40	3	162
1966	13	34	27	38	14	36	3	165
1967	13	32	20	22	14	31	4	136
1968	12	27	18	27	13	36	5	138
1969	11	23	19	21	13	34	4	125
1970	10	22	20	18	11	32	4	117
1971	10	20	22	19	12	38	5	126
1972	11	20	25	20	10	32	6	124

¹ Excludes Ireland.

Source: General Agreement on Tariffs and Trade.

TABLE 16: NET TRADE IN COTTON TEXTILES BY COUNTRIES IN THE ENLARGED EEC, 1964-72¹

[1,000 metric tons]

Year	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	United Kingdom	Denmark	Total
With all countries:								
1964	(25)	(42)	46	(37)	12	104	18	76
1965	(31)	(51)	83	(54)	9	91	18	65
1966	(25)	(31)	70	(52)	14	98	19	93
1967	(21)	(25)	21	(12)	8	117	18	106
1968	(20)	(24)	68	(30)	10	121	18	143
1969	(18)	6	90	(25)	14	93	22	182
1970	(15)	(13)	82	26	14	62	23	179
1971	(5)	(10)	98	3	20	104	20	230
1972	(²)	22	131	(³)	36	76	23	288
With countries not now members of the EEC:								
1964	2	(34)	20	(13)	(²)	82	11	68
1965	(3)	(30)	30	(15)	1	76	12	71
1966	(1)	(20)	29	(20)	(1)	88	12	87
1967	(4)	(21)	14	(2)	(²)	106	13	106
1968	(4)	(13)	39	(10)	4	114	13	143
1969	(³)	5	58	(³)	10	90	16	179
1970	3	1	54	34	13	58	17	180
1971	7	7	67	21	17	100	15	234
1972	14	33	101	28	28	71	18	293

¹ Net imports without parentheses; net exports with parentheses; excludes Ireland.² Net export of less than 500 tons.³ Net imports of less than 500 tons.

Source: General Agreement on Tariffs and Trade.

TABLE 17: PERCENTAGE OF COTTON TEXTILE IMPORTS OF EEC MEMBER COUNTRIES SUPPLIED BY NON-MEMBER COUNTRIES AND TOTAL VOLUME REPRESENTED, 1972¹

Item	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	United Kingdom	Denmark	Total EEC	Total imports from nonmem- ber countries
Yarn	Percent 45.2	Percent 61.4	Percent 69.9	Percent 94.9	Percent 38.3	Percent 92.6	Percent 78.4	Percent 65.5	1,000 metric tons 126
Fabrics:									
Grey	43.2	69.7	57.4	68.8	74.2	99.0	87.4	76.4	125
Other	28.6	33.9	30.8	63.2	19.3	70.0	75.6	43.9	59
Household made-up articles	18.4	16.2	71.4	79.1	18.7	96.6	90.2	67.1	28
Clothing	19.4	73.6	69.3	66.6	41.0	--	81.7	60.8	63
Other	13.1	28.9	46.0	29.4	33.3	75.8	72.6	40.3	15
Total	35.7	53.6	61.9	71.0	43.1	90.0	79.8	61.8	416

¹ Excludes Ireland.

Source: General Agreement on Tariffs and Trade.

TABLE 18: PERCENTAGE OF COTTON TEXTILE EXPORTS OF EEC MEMBER COUNTRIES SHIPPED TO NON-MEMBER COUNTRIES AND TOTAL VOLUME REPRESENTED, 1972¹

Item	Belgium and Luxembourg	France	Fed. Rep. of Germany	Italy	Netherlands	United Kingdom	Denmark	Total EEC	Total imports from nonmember countries
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	1,000 metric tons
Yarn	5.6	22.2	39.2	26.4	4.3	76.7	91.2	26.3	24
Fabrics:									
Grey	3.3	6.2	11.2	26.2	6.1	80.2	88.8	12.7	5
Other	21.4	32.0	44.4	31.9	38.0	91.0	79.2	42.1	56
Household made-up articles	11.5	44.8	18.8	35.1	14.4	73.4	88.7	32.5	7
Clothing	10.4	33.8	35.6	28.0	8.0	-	88.8	25.3	14
Other	37.4	29.4	47.4	39.7	9.1	79.4	86.7	41.6	17
Total	15.5	26.5	34.9	29.0	19.3	83.5	87.6	32.1	124

¹ Excludes Ireland.

Source: General Agreement on Tariffs and Trade.

TABLE 19: IMPORTS OF COTTON TEXTILES INTO COUNTRIES OF THE ENLARGED EEC FROM SPECIFIED NONMEMBER COUNTRIES, 1967-72¹

[Metric tons]

Year	Greece	Turkey	Portugal	Poland	Yugoslavia	Other Eastern Europe	Subtotal	Other nonmembers	Total
1967	3,670	461	16,629	2,080	15,212	11,797	49,849	191,723	241,572
1968	7,703	1,880	13,645	2,859	18,489	15,153	59,729	218,966	278,695
1969	8,966	6,882	13,806	3,427	25,711	19,403	78,195	225,693	303,888
1970	12,411	14,290	13,148	3,688	24,823	19,713	88,073	209,080	297,153
1971	14,648	20,194	18,287	4,734	19,269	24,568	101,700	257,571	359,271
1972	21,280	28,169	26,530	6,204	24,097	34,938	141,218	275,310	416,528

¹ Excludes Ireland.

Source: General Agreement on Tariffs and Trade.

TABLE 20: IMPORTS OF VARIOUS COTTON TEXTILES FROM SPECIFIED NONMEMBER COUNTRIES, 1972¹

[Metric tons]

Item	Greece	Turkey	Portugal	Poland	Yugoslavia	Other Eastern Europe	Subtotal	Other nonmembers	Total
Yarn	18,536	24,325	13,475	126	10,173	532	67,167	59,176	126,343
Fabrics:									
Grey	597	1,954	3,244	518	8,209	9,874	24,396	100,659	125,055
Other	619	1,579	2,516	1,768	1,992	6,867	15,341	43,401	58,742
Household made-up articles	452	186	5,513	991	557	2,292	9,991	17,818	27,809
Clothing	930	112	1,691	2,269	3,058	11,167	19,227	44,271	63,498
Other	146	13	91	532	108	4,206	5,096	9,985	15,081
Total	21,280	28,169	26,530	6,204	24,097	34,938	141,218	275,310	416,528

¹ Excludes Ireland.

Source: General Agreement on Tariffs and Trade.

Of the 193,000 tons of cotton yarn imported in 1972 by countries of the enlarged EEC, 126,000 or about 66 percent came from nonmembers. Similarly, for gray fabrics—total imports of which were 164,000 tons—nonmembers supplied 125,000 tons or about 76 percent. These two classes of textiles accounted for 52 percent of all cotton textile imports from nonmember countries.

On the export side, these two classes of cotton textiles accounted for 35 percent of all cotton textile exports and 24 percent of cotton textile exports to nonmember countries. Cotton fabrics (other than gray) was the dominant category in export trade, accounting for 132,000 metric tons or 34 percent of all cotton textile exports and 45 percent of all cotton and textile exports to nonmember countries.

Among the nations expanding exports of cotton textiles into the countries of the enlarged EEC are: Greece and Turkey, which have associate status with the EEC; Portugal, which was a member of EFTA with the United Kingdom and Denmark until the latter two joined the Community; Poland, Yugoslavia, and “other Eastern Europe”. Their share of Community imports from all nonmember countries increased from 21 percent in 1967 to 34 percent in 1972. In 1972, yarn and fabrics accounted for 99 percent of cotton textile imports from Turkey, 93 percent for Greece, and 85 percent from Yugoslavia. These compare with 74 percent for imports from all nonmember countries. In the case of “other Eastern Europe” and Poland yarn and fabrics represented only 49 percent and 39 percent, respectively, of the cotton textiles they supplied the Community. Clothing, on the other hand, was the largest single category of cotton textiles from these sources—32 percent, respectively. These shares for clothing are much higher than the 15 percent that clothing represents of total cotton textile imports from all nonmember countries.

Textile Trade Policy Considerations Are Complex

The Community imports a full range of cotton textiles, and the impact of imports varies depending upon the degree of processing involved. For example, if yarn is imported the negative impact is felt only by the raw cotton trade and the spinning firms, including their labor force. On the positive side, yarn imports might, but do not necessarily, mean lower raw material and product prices at weaving and successive levels of manufacturing and distribution.

These impacts of yarn imports contrast sharply with garment imports since the latter bypass the entire raw material and manufacturing processes and flow directly to the wholesalers and retailers. In such a complex situation it is understandable that the textile and clothing industries have mixed feelings on the general subject of textile imports since the weaver might favor imports of yarn but oppose imports of cloth and garments and so forth. It, therefore, can be difficult to persuade the textile and clothing industries to unite behind recommendations to governments by any given sector.

Of course, ministries of governments feel pressures from other industries and lines of economic activity as well as from textile groups. Some of these industries are keenly interested in exporting their own products to markets in the same countries that are the source of textile imports into the EEC. Where such is the case, it is not surprising if they advocate their country's adopting a liberal import policy for textiles from countries in their market area; in so doing they can help the trading partner earn additional foreign exchange and be better able to finance importation of products they wish to export.

Obviously, this is an oversimplification of the complex manufacturing and trading relationships of a country. However, it is hoped that it helps to portray the numerous, complex pressures brought to bear in a ministry of government concerned with industrial production and international trade.

Another aspect of trade policy are the “Rules of Origin.” Those applicable to textiles and textile products in the Community generally require that to be of “Community Origin” and, therefore, entitled to duty-free treatment when moved from one member country to another an item must have progressed through at least two stages of manufacturing in one member country or associated area. These regulations will, of course, work to the benefit of local as contrasted with foreign suppliers.

In the EEC there is the added complexity of harmonizing differences among the nine members. This was especially evident in 1974 when the Community was working to develop a position to guide its actions under the Multifiber Textile Agreement of the GATT. Despite the difficulties implicit in developing Community textile policy, accomplishments have been achieved.

One major accomplishment was the development of a document setting forth the policy of the Community for the textile sector. That statement was drawn up and adopted by the six before the enlargement

of the Community. It takes notice of the importance of the textile industry in the member countries, stating that in 1969 textiles and clothing represented, in terms of value, added 9 percent of industrial production and employed 3.2 million workers or 11.8 percent of EEC manpower. This sector, including manmade fibers and natural fiber raw materials accounted for 7 percent of Community imports and 7.5 percent of exports. The statement points out that employment in the textile industry had been declining for a number of years at the rate of about 40,000 workers per year, mainly in wool and cotton branches. It states that some 70-80 percent of the industry is located in a limited number of regions, where the textile industry accounts for up to 30 percent of the employed labor force. They are often mono-industry regions where it is virtually essential that employment in the textile industry not be reduced faster than other lines of local business activity can expand.

The document recognizes that major restructuring of the textile industry will continue, the objective being that the firms of the future will be viable both with respect to other lines of business enterprise within the EEC and with respect to foreign textile firms which through time will have fewer impediments to exporting textiles and textile products to the EEC. Thus, at the same time that the Community moves toward liberalized access for foreign-produced textiles—especially from associated areas—there is a seeming obligation to the domestic textile industry that the import gates not be thrown open so quickly that the potentially more efficient parts of the textile industry will be unable to proceed with the necessary readjustments and remain viable. Others that face a less bright future would presumably be encouraged to change fields and Community assistance would be provided to both the firms and the workers involved to help make the necessary transition.

In the summer of 1974 there were wide differences of opinion within the various EEC member countries with respect to the use that would be made of the GATT Multifiber Textile Agreement (MFA). All agreed that the Community would act as a whole. This necessitated development of a Community-wide agreement on the restrictions to be sought and the manner in which the various members would share the import burden. In such intra-Community negotiation it was expected that national opinions would range from a very liberal trade posture championed by West Germany and the United Kingdom to a much more restrictive trade posture on the part of France and Italy. Textile industry spokesmen were somewhat pessimistic about the likelihood of obtaining meaningful restrictions. They referred to the numerous levels in industry, national governments, and the Commission; and the bilateral negotiations with the various supplying nations and at the GATT in which successive approvals have to be obtained before any restrictions can come into being. Nevertheless, progress has been made and indications in late 1974 were that the Community and various of its trading partners would work out agreements under the MFA to replace existing restraint agreements.

Prospects Are Mixed

From the previous sections it is evident that cotton textile use by consumers in the Community has been well maintained while mill use of cotton has declined. Even so, cotton faces intense competition from manmade fibers at both levels. Fortunately, the International Institute for Cotton (IIC) has programs in these countries to encourage consumers to rely more heavily upon cotton than would otherwise be the case. Looking ahead, it also appears fortunate that the time has passed when customers were prone to buy manmade fiber textiles merely because they were new and different. Currently, the feeling exists in the textile industry of EEC countries that customers can be depended upon to buy the textile items that best serve their needs, all factors considered.

While this situation would appear to give cotton a fair chance in a large and growing market for textiles, there is still the question of what part of the textiles will be produced within the EEC and what part imported from nonmember countries. This, of course, has a direct bearing on where the United States and other raw-cotton exporting countries will find markets for their cotton, since any raw-cotton exporting country also benefits from its own cotton textile exports to the Community as well as the textiles supplies by third countries which are made of the same growth of cotton.

Many textile companies have been following policies of modernizing their plants with a view to strengthening their firm's capacity to compete effectively. Often the modernization involves reducing labor requirements. They have also sought to shift their product mix so as to emphasize the types of textiles in which import competition is least and operating margins more satisfactory.

Numerous industry leaders feel that levels of mill activity in the EEC for all fibers, taken as a whole, can be maintained or expanded, but admittedly there are others who expect total textile mill activity to decline. A number of knowledgeable observers have expressed the view that the mill demand for cotton is at, or at least

near, the end of its long decline. Nevertheless, it remains difficult to conclude that competition from either manmade fibers or textile exports will weaken in cotton's favor within the next few years. Whether cotton can hold its own or improve its situation will depend in part on the extent to which vigorous, innovative steps are taken in research, merchandising, and promotion as related to raw cotton and cotton textiles.

The EEC will make use of the GATT Multifiber Agreement, to limit textile imports but it is by no means clear how restrictive the Community will be regarding textile imports from various groups of nations, i.e., those with associate membership, associated status, the Mediterranean countries, members of the Caribbean, African, and Pacific group, and other nonmembers, many of whom have bilateral trade agreements with the Community. It seems reasonable to assume that controls on textile imports will not be so numerous or so restrictive as to preclude imports from absorbing most or all of the market growth in many product lines and in the aggregate for all textiles. The question then is one of appraising whether conditions of supply and demand are such that firms in the Community will buy imported products rather than those produced domestically.

For some years an increasing number of non-EEC countries have opened up markets and have expanded their exports of yarn, gray goods, etc., to the Community.

Most close observers of the textile situation in the Community admonish one not to generalize very broadly but rather to consider each product's competitive situation in each member country and those other countries that might be potential suppliers. Although such precision can be thought of as ideal, it is clearly a goal that cannot be realized without considerable detailed analysis. Even so, it is believed that the analyses in this study properly lead to the conclusions reached.

The data presented earlier on textile trade indicate that in both 1971 and 1972 there was an acceleration of cotton textile imports from nonmember countries, and discussion with textile leaders suggest that this continued in 1973 and at least early 1974. Although the rise of imports may have been arrested during the current economic slowdown, there is reason to believe that the upward trend will be resumed. This is based in part on concern about rising production costs within the Community and the expansion in productive capacity that is taking place in nonmember countries by firms that are expecting to export a substantial portion of their production to the Community.

Developments in the clothing industry are harder to assess, as historical data are harder to obtain. The fiber content of production is normally not reported, and labor cost is such a large item relative to plant and equipment that significant shifts in economic conditions can more easily cause a garment factory to go out of business or relocate than would be true of spinning or weaving operations. There are indications that rising costs in the EEC in 1973 and 1974 may have caused many clothing firm executives in the Community to become concerned about future prospects for their firms in that increasing numbers of clothing buyers began to look for lower prices elsewhere.

Entrepreneurs were also encouraged to establish or enlarge factories outside the Community where costs would be lower but where the products could be sold in the Community. Such opportunities were reported to be attractive in some of the Mediterranean countries. Some observers spoke of this development as a shift of direction from taking workers to the jobs, to taking jobs to the workers.

At first a firm moving its garment factory from one country to another may obtain its cloth from the same source but through time the clothing factory may turn to sources in its new home or in other textile exporting countries. It appears to follow, therefore, that if there should be any significant shrinkage of the clothing manufacturing industry in the Community because of lower costs elsewhere, there could well be an adverse effect on the spinning and weaving industries of the member countries unless they in turn could open up new markets for their products.

The attention to comparative costs in this section does not mean that the buyers or raw fiber, yarn, or fabric for manufacturing, or buyers of garments for resale are always looking for the lowest price. The term as used here should be thought of as including a distinct quality element, for the market of EEC countries is diverse enough to absorb products of the full range of qualities. Consequently, low cost as used here means low cost for the particular quality or high cost for the particular quality relative to the price at which the product being manufactured or resold can be marketed. Consequently, any would-be supplier of fiber or textiles to markets in the Economic Community must think of supplying the quality of product being sought at a price that is fully competitive for that quality.

Regardless of whether mill consumption of cotton in the EEC gains or loses in the next few years the fact remains that large quantities of cotton will be consumed by the textile industry. It will be consumed by mills of

all sizes. At times some firms may want to buy only a small number of bales. Others are capable of entering into contracts for several hundred thousand bales, and there are all sizes in between. Most can be good customers for U.S. cotton, but all too often from the U.S. point of view they contract for other growths. The United States produces large quantities of most of the qualities of upland cotton used by the EEC cotton textile industry, and it would appear that there is a large area of mutual self-interest between cotton exporting firms in the United States and cotton importing and mill firms in the EEC in fostering a greater flow of U.S. cotton to mills in the EEC.

Intense Competition Calls for Aggressive Marketing of U.S. Cotton

U.S. cotton has not done as well as manmade fibers and other growths of cotton in the European market in recent years. U.S. producers and shippers attach considerable importance to improving the market for U.S. cotton in the Community as well as elsewhere in Europe, but continuing to do the same things in the same ways may not be sufficient to bring about a satisfactory turnaround in the position of U.S. cotton.

No attempt is made to prejudge what adjustments should be undertaken. Rather, it is the intent to point out the many areas of change. Examples include machinery operating speeds, methods of shipping including use of containers, changes in financing cotton and manmade fibers. Such changes are likely to continue and under such circumstances, changes in marketing may be essential if U.S. cotton is to regain a significantly larger share of the cotton market in the important EEC area.

It is significant that the Secretary of Agriculture has established a National Cotton Marketing Study Committee. The purpose of the Committee is to detail the problems relating to the movement of U.S. cotton from producer to end-user and make recommendations to the Secretary and the Congress for improving the marketing system. The Committee has established eight subgroups including one on export marketing.

Two distinct areas in the EEC cotton situation concern persons interested in U.S. cotton production and exports. One is the degree of success cotton has experienced in meeting the competition provided by manmade fibers and the share of consumer expenditures spent on cotton textiles. These may be thought of as relating to the total size of the "cotton pie." The other area of interest relates to the manner in which the pie is sliced—how big a piece is to be enjoyed by U.S. cotton.

There is broad agreement among cotton producing and exporting nations endorsing the objectives of the International Institute for Cotton (IIC) which are aimed at helping enlarge the total market for cotton. Presently, however, only eight nations belong to IIC and finance its programs to improve cotton's overall position against manmade fibers and to encourage people living in the program countries in Western Europe and Japan to think cotton and to buy cotton.

The benefit accrues to nonmember as well as member countries of IIC, and to the foreign sources of imported cotton textiles which may or may not be customers for cotton from IIC member countries. A given member country stands to benefit from IIC activities in the EEC to the extent that there is growth above what would otherwise prevail in the combined total of (1) its raw cotton exports to the Community, (2) its exports of cotton textiles to the Community, and (3) third country exports of cotton textiles to the Community made from that member country's cotton. The IIC encourages nonmember countries to join the organization.

Some work is being done to expand exports of U.S. cotton by Cotton Council International (CCI) and Cotton Incorporated (CI). Cotton Council International utilizes its small staff in Europe and periodic visits by the U.S. Maid of Cotton to maintain contact with the cotton industry and promote exports. Trade teams and cotton technologists regularly visit trade associations and textile mills in most EEC member countries to discuss problems and opportunities. Also, groups of mill representatives from those countries are regularly brought to the United States to see how cotton is grown, harvested, ginned, and marketed.

Cotton Incorporated has recently started market development activities in Western Europe. Its initial activities consist of contacts with mills to discuss the right to use such CI processes as easy care and fire retardants in return for commitments by the mills to use specified quantities of U.S. cotton. The objective of CI's marketing activities is to raise the U.S. share of cotton used in key Western European countries to a minimum of 25 percent in 3 to 5 years.

In addition to the need to support the program objective of IIC, CCI, and CI, there is need to raise total consumption of U.S. cotton in the European Community. There would appear to be a number of areas in which careful examination might reveal opportunities for strengthening the competitive position of U.S. cotton in the Community.

Fortunately, the United States offers a wide range of cotton qualities and there is reason to believe that the United States crop contains a large amount of cotton that can be profitably incorporated into the products of almost any mill in Europe that utilizes upland cotton.

Literature on manmade fibers indicates how a fiber producing company may work closely with a would-be customer in studying his fiber requirements so as to offer it fiber with the properties best suited to its needs. This raises the question of whether a cotton-selling organization can find it similarly worthwhile to study a cotton mill's fiber requirements with a view to offering the particular qualities it wants on terms that would be of benefit to the mill if it were to buy cotton from the U.S. supplier. So far as the cotton itself is concerned, this would naturally cover the usual grade, staple, micronaire, and pressley; but it could also include variety, location of growth, uniformity, as well as technical servicing on how the cotton can best be used. Naturally, the extent to which this and other suggestions could be carried out will depend on the costs, particularly as any additional costs relating to profit margins, which are small because of competitive factors. It is recognized that a company would have to find any marketing alternatives or added services feasible before it could incur expenses necessary to perform such services.

Another area in which a seller of U.S. cotton might obtain an advantage over sellers of other growths is in size of lot and time of shipment. The adequacy of U.S. cotton warehouse facilities, domestic transportation facilities, and the number of ships moving between the United States and Europe may facilitate U.S. cotton firms helping EEC customers obtain the quantities and qualities of cotton they desire when they want it. Again, it is recognized that any additional costs involved, such as U.S. carrying charges and interest rates, which are higher than formerly, would have to be added to price which may not prove economically feasible in all cases. Also, mills must have a minimum amount of cotton in stocks and in the pipeline to operate efficiently.

There are now over 50 firms in the EEC with over 100,000 spindles. These and many smaller firms are in a position to contract for large quantities of cotton at any one time if they are convinced that it is advantageous to do so. U.S. cotton selling firms might benefit by giving careful consideration to the special characteristics of these large firms. If economically feasible, the European companies might be visited by "home office" representatives from the United States more often to learn how the firm can better meet their cotton needs. Correspondingly there is the question of how often European mill representatives are invited to the United States to buy the qualities of cotton they wish to obtain. Perhaps, there are opportunities for aggressive cotton merchandising to go hand-in-glove with the promotional programs of Cotton Council International, Cotton Incorporated, and International Institute for Cotton.

These ideas relate to aspects of cotton merchandising in which U.S. firms interested in U.S. cotton probably could excel in comparison with most of their foreign competition. Aggressive action in these and other areas should help U.S. cotton compete with other growths of cotton and might even help cotton to compete better with manmade fibers.

Clearly the European Community is a big market for cotton. The United States used to supply a large part of that market. It now supplies only a small fraction. The unusual ability of U.S. business firms to cope with difficult marketing situations has been successfully demonstrated on many occasions. Such successes in the past give rise to confidence that systematic and carefully conceived marketing strategies, within the context of economic feasibility, can succeed in expanding U.S. cotton exports to the Community. The results could prove beneficial to the firms involved and to the whole U.S. cotton industry.

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